

Before the  
 FEDERAL COMMUNICATIONS COMMISSION  
 Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
1998 Biennial Regulatory Review – Streamlined	)	CC Docket No. 98-171
Contributor Reporting Requirements Associated with	)	
Administration of Telecommunications Relay Service,	)	
North American Numbering Plan, Local Number	)	
Portability, and Universal Service Support Mechanisms	)	
	)	
Telecommunications Services for Individuals with	)	CC Docket No. 90-571
Hearing and Speech Disabilities, and the American with	)	
Disabilities Act of 1990.	)	
	)	
Administration of the North American Numbering Plan	)	CC Docket No. 92-237
and North American Numbering Plan Cost Recovery	)	NSD File No. L-00-72
Contribution Factor and Fund Size	)	
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170

**GVNW CONSULTING, INC. – REPLY COMMENTS**

GVNW Consulting, Inc. (GVNW) is a management consulting firm which provides financial and regulatory consulting services to independent telephone companies. These reply comments are being provided in response to the Commission’s Second Further Notice of Proposed Rulemaking that was adopted on December 12, 2002 and the subsequent Order (DA 03-203), released January 24, 2003. Our reply comments will focus on two issues. First is the congressional mandate that; “There should be

specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.”<sup>1</sup> The second issue is the recovery process for rate of return carriers that make contributions to the Universal Service Fund.

### **Sufficiency and Predictability of Universal Service Fund**

GVNW applauds the Commission for moving cautiously in its evaluation of changing the methodology for determining contributions to the Federal Universal Service Fund. As the Commission attempts to balance all of the competing interests in this investigations, we ask that you continue to place the sufficiency and predictability of the support foremost in your mind and actions.

### **Recovery Process for Rate of Return Carriers**

Currently, rate of return carriers recover their contribution to the Federal Universal Service Fund by assigning the cost to the Interstate Common Line Element, then recovering the cost through the charges to the end user, as prescribed in the Commission’s Universal Service order adopted May 7, 1997.<sup>2</sup>

We support the current recovery mechanism, but there is an inconsistency between the Commission’s order and the current rules in Part 69. We ask that the commission take this opportunity to correct the rules so that they will be consistent with the intent as stated in the above referenced order, and with the recovery mechanisms as they are currently administered.

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<sup>1</sup> The Communications Act of 1934 as amended by the Telecommunications Act of 1996 Section 254(b)(5).

The Commission's Responsible Accounting Officer (RAO) Letter 27 addresses the accounting for the contributions to the Universal Service Fund. The Commission prescribed recording these contributions in Account 6540, Access Expense. While the Part 36 rules which use subsidiary records provide adequate latitude for the correct assignment of the universal service expense to the jurisdictions, the Part 69 rules do not appear to accomplish the Commission's goal of allowing recovery of these expenses through the common line charges. Currently, the Part 69 rules provide for the assignment of account 6540 to the interexchange category as follows:

***Part 69.401(e)*** – “*Plant Non Specific Operations Expenses in Account 6540 shall be assigned to the interexchange category.*”

We ask the Commission to take this opportunity to change this rule so that it will be consistent with the Commission's order and consistent with the way the contribution recovery is currently administered. We request the rule be changed to read as follows:

***Part 69.401(e)*** – “*Plant Non Specific Operations Expenses in Account 6540 related to the contribution to the Federal Universal Service Fund shall be assigned to the common line element. All other expenses in Account 6540 shall be assigned to the interexchange category.*”

### **Conclusion**

GVNW encourages the Commission to remain vigilant in assuring the Universal Service fund is sufficient and predictable, and we ask the Commission to take action regarding the clarification of the Part 69 rules related to the cost assignment and recovery of the Universal Service Contribution.

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<sup>2</sup> Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order, 12 FCC Rcd

GVNW Consulting, Inc. Reply Comments  
In CC Dkt. Nos. 96-45, 98-171, 90-571,  
92-237, 99-200, 95-116, 98-170  
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Respectfully submitted,

*electronically filed -*

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